

## Message Text

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C O N F I D E N T I A L STATE 127669 TOSEC 020232

FOLLOWING SENT ACTION SECSTATE, INFO BANGKOK, JUNE 2, FROM  
VIENTIANE RPTD TO YOU:

QUOTE C O N F I D E N T I A L VIENTIANE 3943

AIDAC

E.O. 11652:GDS

SUBJECT: PGNU-USAID NEGOTIATIONS ON TRANSFER OF USAID  
AFFAIRS RE MAY 27 AGREEMENT

1. A GROUP OF MORE THAN TWENTY LAO GOVERNMENT  
OFFICIALS REPRESENTING THE MINISTRIES OF ECONOMY & PLAN,  
FOREIGN AFFAIRS, POSTS AND TELECOMMUNICATIONS, PUBLIC  
WORKS, INTERIOR, FINANCE AND DEFENSE MET WITH THE ACTING  
USAID DIRECTOR, THE REGIONAL LEGAL COUNSEL, AND THREE  
OTHER MISSION PERSONNEL TO DISCUSS WHAT WAS THOUGHT  
WAS TO BE THE DISSOLUTION AND TURNOVER OF USAID AFFAIRS  
BY JUNE 30, 1975 IN ACCORDANCE WITH THE AGREEMENT SIGNED  
MAY 27 BETWEEN THE CHARGE AND THE MINISTER OF NATIONAL  
ECONOMY. KHAMSAI SOURITHONE, CHAIRMAN OF THE LAO  
STUDENTS FEDERATION ALSO ATTENDED, SITTING TO THE  
IMMEDIATE RIGHT OF THE PGNU COMMITTEE CHAIRMAN,  
KHAMSAI SAYAKONE WHO IS CHEF DE CABINET OF MINISTER  
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OF ECONOMY AND PLAN, SOTH PHETRASY.

2. AT THE OUTSET, THE ACTING AID DIRECTOR CLEARLY STATED THAT HIS AUTHORITY TO NEGOTIATE WAS LIMITED TO THE DISSOLUTION OF AID AND TRANSFER OF AID PROPERTY PROVIDED FOR IN THE PROJECT AGREEMENTS AND DID NOT EXTEND TO THE MILITARY ASSISTANCE PROGRAM AND THE DAO FACILITY, APO, COMMISSARY AND ACA, AS WELL AS OTHER REAL ESTATE LOCATED IN THE AID COMPOUND, KM-6; AND THE -840945 2#8:# ?3)9,& 59 5#3 3.- 6 94 95#34 7 & 94&-,8"-589, .

3. THE PGNU COMMITTEE CHAIRMAN NOTED THAT IN ORDER TO IMPLEMENT THE AGREEMENT OF MAY 27, THE MINISTER OF NATIONAL ECONOMY HAD SET UP A COMMITTEE COMPOSED OF VARIOUS MINISTRY REPRESENTATIVES WHICH IN TURN HAS BEEN DIVIDED INTO SIX SUB-COMMITTEES: ECONOMICS & FINANCE, PUBLIC WORKS, EDUCATION AND INFORMATION, PUBLIC HEALTH, DEFENSE, AND SOCIAL WELFARE AND NARCOTICS. TWO ADDITIONAL SUB-COMMITTEES WOULD, ONCE THE MECHANICS OF TRANSFER HAD BEEN AGREED UPON, TRAVEL TO THE NORTH AND SOUTH OF LAOS RESPECTIVELY TO SUPERVISE TURNOVER OF THE USAID FIELD STATIONS.

4. OVER AND OVER, THE USAID DIRECTOR POINTED OUT THAT HIS NEGOTIATING AUTHORITY WAS LIMITED TO THE TRANSFER OF ECONOMIC AID UNDER EXISTING PROJECT AGREEMENTS AND THAT MILITARY AID WAS NOT A USAID FUNCTION AND WOULD HAVE TO BE TAKEN UP SEPARATELY WITH THE EMBASSY.

5. PERSISTING, ABOUT A HALF-DOZEN OF THE COMMITTEE MEMBERS IN VARIOUS WAYS MADE THE POINTS THAT THEY UNDERSTOOD "ASSISTANCE" TO MEAN ALL ECONOMIC, SOCIAL, AND MILITARY ASSISTANCE, THAT THE USG SIDE SHOULD COME PREPARED WITH FULLY AUTHORIZED REPRESENTATIVES TO DISCUSS ALL USG ASSISTANCE AND REAL ESTATE (APO, ACA, KM-6, AIRPORT) NOT COVERED BY AID PROJECT AGREEMENTS AND THAT THESE VARIOUS TYPES OF AID AND FACILITIES COULD NOT REALLY BE SEPARATED, AND THAT WHILE THE SUB-COMMITTEES COULD DISCUSS EACH PROBLEM SEPARATELY, THE ACTING AID DIRECTOR SHOULD IMMEDIATELY AGREE IN CONFIDENTIAL  
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PRINCIPLE TO THIS IDEA AND THAT THE JUNE 30 WITHDRAWAL DEADLINE SHOULD APPLY FOR TRANSFER OF MILITARY ASSISTANCE ASSETS AND OTHER ASSETS AS WELL. IT WAS ALSO REQUESTED THAT USAID BRING BACK TO LAOS ALL DEPARTED AID PROJECT MANAGERS TO PRESIDE OVER THE TRANSFER OF THE ASSETS OF THEIR RESPECTIVE PROJECTS. STATEMENTS WERE MADE THAT USAID HAD OFTEN ACTED WITHOUT THE KNOWLEDGE OF THE LAO GOVERNMENT AND THESE PGNU REPRESENTATIVES DOUBTED IF THE DISSOLUTION AND TURNOVER COULD BE DONE PROPERLY WITHOUT BRINGING

THESE INDIVIDUALS BACK.

6. WE WERE ALSO INFORMED THAT THE MINISTER OF NATIONAL ECONOMY HAD BRIEFED THE COMMITTEE MEMBERS JUST PRIOR TO THE MEETING AND INSTRUCTED THEM THAT THE MAY 27 AGREEMENT COVERED ALL U.S. ASSISTANCE INCLUDING ECONOMIC, MILITARY AND SOCIAL. BOTH THE COMMITTEE CHAIRMAN AND THE LAO STUDENT FEDERATION REPRESENTATIVE MADE POLITICAL COMMENTS SAYING THAT, IN ACCORDANCE WITH THE AGREEMENT AND PROTOCOL OF 1973 SETTING UP THE PGNU, ALL MILITARY ORGANIZATIONS WERE FORBIDDEN AND THAT THEREFORE THIS IS A PART OF THE NEGOTIATIONS, AND THAT EVERYTHING THAT WENT ON IN THE USAID COMPOUND WAS USAID'S RESPONSIBILITY AND THAT THE LAO PEOPLE HAD ALWAYS UNDERSTOOD "ASSISTANCE" TO MEAN USAID AND THAT U.S. ASSISTANCE HAD NEVER BEEN DISPERSED IN ANY OTHER NAME.

7. OWING TO THE MISUNDERSTANDING REGARDING THE INTERPRETATION OF THE MAY 27 AGREEMENT AND PGNU'S COMMITTEE'S REFUSAL TO SEPARATELY DISCUSS THE ECONOMIC AID ISSUE, BOTH SIDES AGREED TO ADVISE THE CHARGE AND MINISTER OF ECONOMY RESPECTIVELY WITH THE HOPE THAT THEY WOULD MEET TO AGREE ON THE MEANING OF THE MAY 27 AGREEMENT. THEY ASKED THAT THE CHARGE AND WASHINGTON BE QUERIED IF NECESSARY IN ORDER THAT THE TALKS PROCEED ON A MORE COMPREHENSIVE BASIS WITH FULLY EMPOWERED REPRESENTATIVES OF THE EMBASSY AND DAO PRESENT. THEY FURTHER INSISTED THAT USAID PROJECT MANAGERS WHO HAD ALREADY DEPARTED BE CALLED BACK TO ASSIST IN THE DISSOLUTION OF THEIR RESPECTIVE PROJECTS.  
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THEY IMPLIED THAT WITHOUT AGREEMENTS ON THE MEANING OF THIS MAY 27 AGREEMENT NOTHING COULD PROCEED AND THAT THE JUNE 30 DEADLINE COULD NOT BE METV.

8. WHILE THE ACTING DIRECTOR MADE IT CLEAR THAT PROJECT MANAGERS COULD NOT BE CALLED BACK AND WHILE THE AGREEMENT OF MAY 27 BETWEEN CHARGE AND MINISTER OF NATIONAL ECONOMY CLEARLY DID NOT ENCOMPASS ANYTHING OTHER THAN USAID ASSETS COVERED IN THE PROJECT AGREEMENTS, SOMETHING THE CHARGE REPEATEDLY TOLD THE PROTEST GROUP, THE ATTITUDE OF THE PGNU REPRESENTATIVES WAS SUCH THAT THERE WAS NO PURPOSE IN GETTING INVOLVED IN A LONG ARGUMENT. IT WAS OBVIOUS THAT A NUMBER OF THESE "REPRESENTATIVES" HAD COME TO MAKE BROADER DEMANDS REGARDLESS OF THE AGREEMENT.

9. USAID ACTING DIRECTOR RAMSEY'S COMMENT: THE TONE OF THE MEETING WAS CLEARLY HOSTILE, WITH IMPLICATIONS THROUGHOUT

THAT, IN SPITE OF THE COMMITTEE'S INSISTENCE ON A RAPID TURNOVER OF ALL AFFAIRS OF THE VARIOUS U.S. ASSISTANCE PROGRAMS THEY WILL INSIST ON A COMPLICATED, DETAILED, HUMILIATING AND INCREDIBLY TIME CONSUMING TASK OF COUNTING EVERY ASPIRIN AND SPARK PLUG IN EVERY LOCATION OF LAOS TO SATISFY THEIR PRESUMED SUSPICIONS THAT WE HAVE NOT DELIVERED THE GOODS COVERED BY OUR AID AGREEMENTS. THE CLEAR INCONSISTENCY BETWEEN TRANSFERRING ALL U.S. ASSISTANCE AFFAIRS AS QUICKLY AS POSSIBLE, AND THE PROSPECT OF CONDUCTING AN EXHAUSTIVE INVENTORY OF AND SEARCH FOR PROJECT COMMODITIES, LEADS US TO THE INESCAPABLE CONCLUSION THAT THE OVERRIDING CONCERNS OF THE COMMITTEE ARE:

- 1) TO TREAT THE TRANSFER OF COMMODITIES AND PROPERTY IN THE SAME WAY THAT A CONQUERING ARMY WOULD FERRET OUT THE LOCATION OF EVERY PIECE OF CAPTURED EQUIPMENT BY FORCING TH VANQUISHED TO GUIDE THEM TO IT, AND
- 2) TO HUMILIATE AND INTIMIDATE US SUCH THAT WE LOSE AS MUCH "FACE" AS POSSIBLE IN A WAY THAT THE LAO UNDERSTAND FAR BETTER THAN WE.

THE ONLY SPARK OF HOPE WHICH EMERGED FROM THE MEETING WAS THE PGNU CHAIRMAN'S OBSERVATION THAT DISCUSSIONS OF FUTURE ASSISTANCE WILL BE THE SUBJECT OF SEPARATE NEGOTIATIONS WITH OTHER REPRESENTATIVES ON  
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EACH SIDE, AND THAT THE NEGOTIATIONS WILL BE CARRIED OUT IN ACCORDANCE WITH THE 18-POINT POLITICAL PROGRAM OF THE PGNU. OUR HOPE IS THAT THIS MEANS THAT WE WILL NOT BE HELD HOSTAGE WHILE A NEW AID AGREEMENT IS BEING WORKED OUT. OUR FEELING, HOWEVER, IS THAT ALL OF THIS IS CONSISTENT WITH A SCENARIO THAT GOES AS FOLLOWS: WE WILL BE HELD AS HOSTAGES AND IN A MANNER THAT THE OUTSIDE WORLD WILL NOT PERCEIVE AS SUCH. IT WILL BE DONE SIMPLY BY INDICATING TO THE WORLD THE USAID AMERICAN PERSONNEL MUST STAY UNTIL THE FINAL DETAILED ACCOUNTING IS ACCOMPLISHED, OR THE USG WILL BE ACCUSED OF DECEIT.

10. CHARGE'S COMMENT: WHILE MR. RAMSEY WENT THROUGH THIS ORDEAL AND THEREFORE HAS A BETTER FEEL FOR THE MEETING, AND WHILE THE SCENARIO IS NOT AN OUTRIGHT IMPOSSIBILITY, MY OWN SENSE IS THAT IT IS A BIT GLOOMY. THE LAO - EVEN THE PATHET LAO - ARE NOT THAT HIGHLY ORGANIZED AND THEY DO WANT AID. THE SCENARIO WOULD MANIFESTLY PRECLUDE FUTURE RELATIONS WITH THE U.S. NOT TO MENTION AID. IN HIS CONVERSATION WITH PRIMIN SOUVANNA PHOUMA THIS AFTER  
OON, ASSISTANT SECRETARY HABIB INVITED  
ME TO MENTION THE DIFFICULTIES THAT HAD ARISEN. THE PRIMIN FULLY AGREED WITH OUR VIEW OF THE PURPOSES OF THE MEETING AND SAID HE WOULD GIVE APPROPRIATE DIRECTIVES. WE SHALL ALSO PURSUE THE MATTER WITH FONMIN PHOUMI.

CHAPMAN UNQUOTE. INGERSOLL

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